



Town Council Agenda Report

SUBJECT: Resolution

CONTACT PERSON/NUMBER: Chris Wallace, 797-1050

TITLE OF AGENDA ITEM:

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, EXTENDING THE CONTRACT WITH RACHLIN COHEN & HOLTZ LLP, CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, AS TOWN AUDITORS FOR UP TO TWO YEARS; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF:

The audit of fiscal year 1999 was the final year on the existing contract with Rachlin Cohen and Holtz LLP. It is in the best interest of the Town to remain with the same firm during the Town's early implementation of Governmental Accounting Standards Board Statement No. 34 (the new reporting model standard which involves a multi year implementation process.) It is also in the best interest of the Town to remain with the same firm currently providing utility consulting services. Therefore, it is recommended that the Council extend the contract with Rachlin Cohen & Holtz LLP for an additional two years.

PREVIOUS ACTIONS:

not applicable

CONCURRENCES:

not applicable

FISCAL IMPACT:

Has request been budgeted? no (not a FY00 expenditure, will budget in appropriate years)

If no, amount needed \$65,000 FY2000; \$69,000 FY2001

What account will funds be appropriated from: 001-0103-512-0302

Additional Comments: not applicable

RECOMMENDATION(S):

Motion to approve the resolution.

Attachment(s):

Resolution

Contract

Item No.

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, EXTENDING THE CONTRACT WITH RACHLIN COHEN & HOLTZ, LLP, CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS, AS TOWN AUDITORS FOR TWO YEARS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the State of Florida requires an audit of all municipal finances by an independent certified public accounting firm; and

WHEREAS, the Town has previously appointed the firm of Rachlin Cohen & Holtz, LLP, Certified Public Accountants & Consultants, as Town Auditors; and

WHEREAS, the Governmental Accounting Standards Board (GASB) of the Financial Accounting Foundation has issued a new reporting standard commonly referred to as "Statement 34"; and

WHEREAS, Statement 34 is the most sweeping change ever in governmental accounting, affecting the basis, focus, and reporting model for all governmental entities; and

WHEREAS, Florida law requires compliance with GASB rules; and

WHEREAS, the Town has early implemented this new standard, which requires multiple years to implement; and

WHEREAS, for these reasons the Town Council of the Town of Davie wishes to extend the contract with this firm for up to two additional years.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The firm of Rachlin Cohen & Holtz, LLP is appointed Town Auditor for fiscal years ending September 30, 2000 through and including September 30, 2001.

SECTION 2. That this firm is engaged to perform the duties as outlined in the commitment letter attached hereto (Exhibit "A") and any other duties as directed by the Town Administrator of the Town of Davie, Florida.

SECTION 3. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2000

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2000



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

August 15, 2000

Mr. Tom Willi
Interim Town Administrator
Town of Davie
6591 S.W. 45th Street
Davie, Florida 33314

Dear Mr. Willi:

We are pleased to confirm our understanding of the services we are to provide the Town of Davie (the Town). We will audit the basic financial statements of the Town as of and for the fiscal years ended September 30, 2000, and 2001.

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities.

Our audit will be conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the basic financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in

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Member of Summit International Association, the world's first in-depth directory throughout the world.
Member of the American Institute of Certified Public Accountants and a member of the Florida Institute of Certified Public Accountants.



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accordance with management's authorizations and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include test of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the basic financial statements or to major programs. However, we will inform you of any material errors and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.



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In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the Town's basic financial statements and on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the basic financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the basic financial statements. Tests of controls relative to the basic financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements, applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. We will also inform you of any non-reportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133.

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Town's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.



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OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the *OMB Circular A-133 Compliance Supplement*. The purpose of those procedures will be to express an opinion on the Town's compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The workpapers for this engagement are the property of Rachlin Cohen & Holtz LLP and constitute confidential information. However, we may be requested to make certain workpapers available to regulatory agencies pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Rachlin Cohen & Holtz LLP personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the regulatory agencies. The regulatory agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of three years after the date the auditors' report is issued or for any additional period requested by the regulatory agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the workpapers.

Our fees for these services are estimated to be \$65,000 for the year ended September 30, 2000, and \$69,000 for the year ended September 30, 2001. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as the work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If additional time is



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necessary due to an increase in the number of funds (i.e., increase in level of services provided by the Town), significant changes in Governmental Accounting Standards Board Pronouncements and other similar matters that are not contemplated by this letter, we will discuss these matters with you prior to commencement of the work. If the Town is required to have an audit in accordance with the new Florida Single Audit Act in 2001, there will be an additional fee of \$4,000.

Government Auditing Standards - 1994 Revision requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

We appreciate the opportunity to be of continued service to you and look forward to commencing work for your Town. If the foregoing is in accordance with your understanding, please sign the enclosed copy of this letter in the space provided and return it to us.

Sincerely,


J. Jerry Chioocca, CPA
Director - Miami

APPROVED:

This letter correctly sets forth the understanding of The Town of Davie.

Signed: _____

By: _____
(Print name)

Title: _____

Date: _____